

AO 257 (Rev. 6/78)

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT
 BY: ☐ COMPLAINT ☒ INFORMATION ☐ INDICTMENT
☐ SUPERSEDING
OFFENSE CHARGED**VIOLATIONS:**

1. Wire Fraud, Title 18, United States Code, Section 1343
2. Tax Evasion, Title 26, United States Code, Section 7201
3. False Tax Return, Title 26, United States Code, Section 7206(1)

- ☐
- Petty
-
- ☐
- Minor
-
- ☐
- Misdemeanor
-
- ☒
- Felony

PENALTY: (1) 20 years imprisonment; \$250,000 fine (or twice gain/loss) restitution; 3 years supervised release ("SR"); \$100 special assessment ("SA"). (2) 5 years imprisonment; \$100,000 fine; 3 years SR; \$100 SA; restitution. (3) 3 years imprisonment; \$100,000 fine; 1 year SR; \$100 SA; restitution.

Name of District Court and/or Judge/Magistrate Location

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

DEFENDANT - U.S.

EDWARD SEWON

DISTRICT COURT NUMBER

CK 09

0105

PROCEEDING

Name of Complainant Agency, or Person (& Title, if any)

IRS, FBI

☐ person is awaiting trial in another Federal or State Court, give name of court

☐ this person/proceeding is transferred from another district per (circle one) FRCrP 20, 21, or 40. Show District

☐ this is a reprosecution of charges previously dismissed which were dismissed on motion of:

☐ U.S. ATTORNEY ☐ DEFENSE

SHOW DOCKET NO.

☐ this prosecution relates to a pending case involving this same defendant

MAGISTRATE CASE NO.

☐ prior proceedings or appearance(s) before U.S. Magistrate regarding this defendant were recorded under

 Name and Office of Person
 Furnishing Information on this form

☒ U.S. Attorney ☐ Other U.S. Agency

 Name of Assistant U.S.
 Attorney (if assigned)

THOMAS E. STEVENS

DEFENDANT**IS NOT IN CUSTODY**

- 1) ☒ Has not been arrested, pending outcome this proceeding.
 If not detained give date any prior summons was served on above charges

2) ☐ Is a Fugitive3) ☐ Is on Bail or Release from (show District)**IS IN CUSTODY**4) ☐ On this charge5) ☐ On another conviction
☐ Federal ☐ State
6) ☐ Awaiting trial on other charges

If answer to (6) is "Yes", show name of institution

 Has detainer
 been filed? ☐ Yes ☐ No

 If "Yes"
 give date
 filed

DATE OF ARREST

Month/Day/Year

Or... if Arresting Agency & Warrant were not

DATE TRANSFERRED TO U.S. CUSTODY

Month/Day/Year

☐ This report amends AO 257 previously submitted
ADDITIONAL INFORMATION OR COMMENTS**PROCESS:**
☐ SUMMONS ☐ NO PROCESS* ☐ WARRANT

Bail Amount: _____

If Summons, complete following:

☐ Arraignment ☐ Initial Appearance

Defendant Address:

* Where defendant previously apprehended on complaint, no new summons or warrant needed, since Magistrate has scheduled arraignment

Date/Time: _____ Before Judge: _____

Comments:

JOSEPH P. RUSSONIELLO (CSBN 44332)
United States Attorney

FILED
09 JAN 30 PM 4:07
RICHARD M. ECKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

E-filing

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

WHA

CR 09

0105

UNITED STATES OF AMERICA,

No.

Plaintiff,

VIOLATIONS: Wire Fraud, 18 U.S.C.
§1343; Tax Evasion, 26 U.S.C. § 7201;
Making and Subscribing a False Return,
26 U.S.C. § 7206(1)

v.

EDWARD SEWON EHEE,

SAN FRANCISCO VENUE

Defendant.

INFORMATION

The United States Attorney charges that, at all times relevant to this Information:

GENERAL ALLEGATIONS COMMON TO ALL COUNTS

1. Compass Fund Management, LLC ("CFM") was a limited liability company formed under Nevada law, with its principal place of business in San Francisco, California.
2. Viper Capital Management, LLC ("VCM") was also a San Francisco-based, Nevada limited liability company.
3. Defendant EDWARD SEWON EHEE ("EHEE" or "Defendant") was a resident of Oakland, California, was the sole member of CFM and VCM, and controlled all of the assets of those entities.
4. EHEE also controlled an investment fund known as Compass West Fund, LP ("Compass

1 West"). Compass West was a Nevada limited partnership formed in 2003, and CFM was its sole
2 general partner.

3 5. EHEE's prior investment fund experience consisted of operating an entity known as
4 Global Capital Partners, which was formed as an Illinois limited partnership in 1993. In 2000,
5 the partnership changed its name to Viper Founders Fund, LP ("Viper Fund"). Viper Fund's
6 general partner was VCM.

7 6. EHEE also operated a related investment fund known as Viper Investments, LP ("Viper
8 Investments"), whose general partner was Viper Capital Advisors, LLC ("VCA").

9 7. Unless otherwise noted, this Information refers to Compass West and CFM as the
10 "Compass Entities."

11 8. Unless otherwise noted, this Information refers to the Viper Fund, Viper Investments,
12 VCM and VCA as the "Viper Entities."

13 COUNT ONE: (18 U.S.C. § 1343 – Wire Fraud)

14 9. On or about 2001 through in or around June 2006, in the Northern District of California
15 and elsewhere, the defendant,

16 **EDWARD SEWON EHEE**

17 having devised and intending to devise a scheme and artifice to defraud and to obtain money and
18 property by means of materially false and fraudulent pretenses, representations, and promises,
19 knowingly and willfully transmitted and caused to be transmitted by means of wire
20 communication in interstate commerce writings, signs, signals, pictures and sounds.

21 10. Beginning in or about 2001 and continuing until in or about June 2006, EHEE
22 represented to investors in the Viper and Compass Entities that he would invest their funds in the
23 securities markets and employ complex trading strategies to earn high returns with less risk than
24 is ordinarily associated with such returns. Instead of investing the funds as promised, EHEE
25 secretly diverted most of the funds for improper purposes. Principal among these purposes was
26 the payment of existing investor distribution obligations using new contributions from other
27 investors, and payments for the benefit of EHEE and his family.

28 11. In order to lull investors into believing that he was investing and managing their money

1 successfully, EHEE transmitted through the mail and wires in interstate commerce materially
2 false and misleading account statements to investors. EHEE also prepared and transmitted in
3 interstate commerce to one investor and its accountant false and fictitious audit opinion letters.

4 12. In order to execute the scheme and artifice to defraud, and to obtain money and property
5 by means of materially false and fraudulent pretenses, representations, and promises, EHEE
6 knowingly and willfully transmitted and caused to be transmitted by means of wire
7 communication in interstate commerce, among other wires, (a) on November 12, 2003, a wire
8 transfer of \$300,000 from a CFM bank account in San Francisco, California to an investor's bank
9 account in Pennsylvania; and (b) on June 27, 2006, an email from EHEE in San Francisco to an
10 investor's auditor in Maryland, attaching a false audit opinion.

11 All in violation of Title 18, United States Code § 1343.

12 COUNT TWO: (26 U.S.C. § 7201 – Tax Evasion)

13 13. On or about April 15, 2006, in the Northern District of California and elsewhere, the
14 defendant,

15 **EDWARD SEWON EHEE**

16 well knowing and believing that he had received taxable income of approximately \$240,500 in
17 the tax year 2005, and that there was owing to the United States of America an income tax of
18 approximately \$75,640 for that year, did willfully attempt to evade and defeat the said income
19 tax due and owing by him to the United States of America for the tax year 2005, by willfully
20 failing to submit an income tax return on or before April 15 of 2006, as required by law, to any
21 proper officer of the Internal Revenue Service, by failing to pay to the Internal Revenue Service
22 said income tax, and by affirmatively attempting to evade or defeat said tax by, among other
23 things (a) making a series of fund transfers among the accounts of CWF, CFM and EHEE, (b)
24 making false entries in the books and records of CWF and CFM, (c) making lulling payments to
25 investors to avoid detection of his fraudulent scheme, and (d) causing false partnership returns
26 for CWF, CFM and the Viper Fund to be filed with the Internal Revenue Service.

27 All in violation of 26 U.S.C. § 7201.
28

1 COUNT THREE: (26 U.S.C. § 7206(1) – Making and Subscribing False Returns)

2 14. On or about April 17, 2006, in the Northern District of California and elsewhere, the
3 defendant,

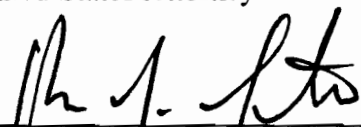
4 **EDWARD SEWON EHEE**

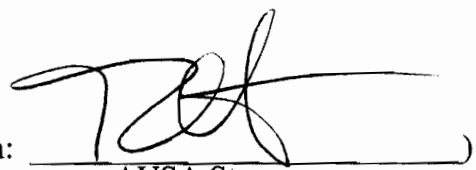
5 did willfully make and subscribe a Form 1065 return for CWF for the tax year 2005, which was
6 verified by a written declaration that it was made under the penalties of perjury and was filed
7 with the Internal Revenue Service, which said Form 1065 return he did not believe to be true and
8 correct as to every material matter in that the said Form 1065 falsely reported that CWF held
9 \$3,795,314 in assets invested in the Viper Fund. As EHEE then and there well knew and
10 believed, as of the end of 2005, no money was invested in the Viper Fund.

11 All in violation of Title 26, United States Code, Section 7206(1).

12
13 DATED: January 30, 2009

14
15 JOSEPH P. RUSSONIELLO
United States Attorney

16
17 
18 BRIAN J. STRETCH
Chief, Criminal Division

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21 (Approved as to form: )

AUSA Stevens